



## 2004 Montana Individual Estimated Income Tax Worksheet

Keep for Your Records

**Note:** You may use your 2003 tax liability from line 54 of Form 2 or line 31 of Form 2S to estimate your 2004 tax. If you choose this method, skip lines 1 through 6 and enter your 2003 tax liability on line 7 below.

See instructions on back of coupons

1. Enter total amount of Montana adjusted gross income expected in 2004 ..... 1. \_\_\_\_\_
2. Enter estimated amount of
  - a. 2004 itemized deductions or standard deduction.\* ..... 2a. \_\_\_\_\_
  - b. Enter 2003 exemption amount, \$1,780 for each allowable exemption. .... 2b. \_\_\_\_\_
 Total of 2a and 2b ..... 2. \_\_\_\_\_
3. Subtract line 2 from line 1. If zero or less, stop here. You are not subject to estimated tax. Do not send in coupons. .... 3. \_\_\_\_\_
4. Tax
  - a. Figure tax on the amount on line 3 by using the tax table on back ..... 4a. \_\_\_\_\_
  - b. Lump Sum Distribution Tax (10% of Federal Lump Sum Distribution Tax) ..... 4b. \_\_\_\_\_
 Total of 4a. and 4b ..... 4. \_\_\_\_\_
5. Credits against tax. Do not include income tax withholding on this line ..... 5. \_\_\_\_\_
6. Subtract line 5 from line 4 ..... 6. \_\_\_\_\_
7. a. Multiply line 6 by 90% ..... 7a. \_\_\_\_\_
   
b. Enter 100% of the tax shown on your 2003 tax return (line 54 of your 2003 Form 2 or line 31 of your 2003 Form 2S) ..... 7b. \_\_\_\_\_
   
Enter the smaller of line 7a or 7b. (If unable to compute through 7a enter the amount from line 7b.) ..... 7. \_\_\_\_\_
8. a. Calculate the amount of Montana individual income tax to be withheld in 2004. Examples include withholding on wages, pensions, annuities, withholding from pass through entities, etc. .... 8a. \_\_\_\_\_
   
b. Amount of your 2003 overpayment applied to 2004 tax ..... 8b. \_\_\_\_\_
   
c. Enter your calculated Elderly Homeowner/Renter Credit for 2004 ..... 8c. \_\_\_\_\_
   
Total of 8a, 8b, and 8c ..... 8. \_\_\_\_\_
9. Subtract line 8 from line 6. If less than \$500, stop here. You are not subject to estimated tax. If \$500 or more subtract line 8 from line 7, then enter that amount on line 9 and continue to line 10 ..... 9. \_\_\_\_\_

**Payment Due Dates**



10. Divide the amount on line 9 by four (4). Enter the result in columns a, b, c and d on line 10. .... 10.
11. Annualized income installment (Please request Form ESA from the department) Enter amount from line 25c of Form ESA on this line. .... 11.
12. Enter the amount from line 10 or line 11, whichever applies. This is the payment due for each installment period. .... 12.

	a April 15, 2004	b June 15, 2004	c Sept. 15, 2004	d Jan. 15, 2005
10.				
11.				
12.				

\*20% of line 1, but not more than \$3,330 if single or separate, \$6,660 if filing joint or head of household.

## General Information

### Purpose

Use this package to calculate and pay your estimated individual income tax. Estimated tax is the method used to pay tax on income that is not subject to withholding. Examples are income from self-employment, interest, dividends, rents, alimony, royalties, etc.

Follow these steps.

- Read the instructions in this packet.
- Complete the worksheet on front.
- Complete an estimated tax coupon (enclosed) if you are required to pay estimated tax.
- Keep a record of your payments.

### Who must pay estimated tax?

In most cases, you must make estimated tax payments for tax year 2004 if you expect to owe at least \$500 after subtracting any withholding and credits you may have.

If you are required to pay estimated taxes, you must file estimated tax coupons and pay at least the smaller of:

- 100% of your 2003 Montana tax liability (line 54 of Form 2 or line 31 of Form 2S), or
- 90% of your 2004 Montana income tax liability.

### Who does not have to pay estimated tax?

Payment of estimated tax is not required if:

- your 2003 tax period covered 12 months and your Montana tax liability was zero, or
- you were not required to file a 2003 Montana tax return, or
- in 2004 you retired and were at least 62 years old (this exception pertains only in the year you retire and the year after), or
- in 2004 you became disabled, or
- at least 2/3 of your gross income is derived from farming or ranching operations or both, (note: Montana has no "lookback" provision) or
- the taxpayer died in 2004 (however, estates are subject to the estimated tax requirements), or
- the tax liability is less than \$500 after credits and/or withholding.

### Nonresidents and part-year residents

- Nonresidents and part-year residents who are not required to file a Montana individual income tax return are not required to file estimated tax.
- Nonresidents and part-year residents are required to make estimated

tax payments if they expect to owe at least \$500 after subtracting withholding and allowable credits.

Complete the Form-IT Payment Coupon below if you are remitting a payment. Do not type your numbers or use dollar signs. Please print your numbers in the blocked areas like this:

1	2	3	4	5	6	7	8	9	0
									cents

### Penalty for underpayment

An underpayment penalty will be assessed if you fail to make required estimated tax payments.

### When to pay your estimated tax

#### Calendar Year Taxpayers

You may prepay all of your estimated tax for tax year 2004 by April 15, 2004, or in four equal amounts by the dates below.

2004 Estimated Payment Schedule:

First payment	—	due April 15, 2004
Second payment	—	due June 15, 2004
Third payment	—	due Sept. 15, 2004
Fourth payment	—	due Jan. 15, 2005

If the installment due date falls on a holiday, payment is due on the next working day.

#### Fiscal Year Taxpayers

Due dates for fiscal year filers are the 15th day of the 4th, 6th, and 9th months of the fiscal year and the 1st month of the following fiscal year.

A penalty will not be imposed on any underpayment of the fourth installment if you pay in full the amount computed on the return as payable and file the return on or before the last day of the first month following the close of the tax year.

Mail to:

Department of Revenue  
PO Box 6308  
Helena, MT 59604-6308

Do not use these coupons to pay your current tax liability.

For Tax Help: (406) 444-6900 or TDD (Telephone Device for the Deaf) (406) 444-2830. 📞

### TaxTable

If Taxable Income is:					If Taxable Income is:				
Over	But not over	Multiply by	and Subtract	= Tax	Over	But not over	Multiply by	and Subtract	=Tax
\$ 0	\$ 2,200	X 2 %	\$ 0		\$ 17,800	\$ 22,200	X 7 %	\$ 466	
\$ 2,200	\$ 4,400	X 3 %	\$ 22		\$ 22,200	\$ 31,100	X 8 %	\$ 688	
\$ 4,400	\$ 8,900	X 4 %	\$ 66		\$ 31,100	\$ 44,500	X 9 %	\$ 999	
\$ 8,900	\$ 13,300	X 5 %	\$ 155		\$ 44,500	\$ 77,800	X 10 %	\$ 1,444	
\$ 13,300	\$ 17,800	X 6 %	\$ 288		\$ 77,800		X 11 %	\$ 2,222	

**Example = taxable income \$2,400 x 3% (.03) = \$72 and subtract \$22 = \$50 tax**

## Instructions for Form ESW

Complete Form ESW to ensure your 2004 estimated tax is as accurate as possible to avoid penalties.

Note: You may use your 2003 Montana tax liability to estimate your 2004 tax. If you choose this method, skip lines 1 through 6 and enter your 2003 tax liability (line 54 of Form 2 or line 31 of Form 2S) on line 7 on Form ESW.

**Line 1.** Enter your calculated 2004 Montana adjusted gross income. Montana adjusted gross income is your 2004 Federal adjusted gross income plus or minus any Montana adjustments to income.

**Line 2-4.** Enter information and calculate, as stated.

**Line 5.** Enter your calculated 2004 credits against tax. Examples are credit for elderly care, college contribution credit and tax paid to other states.

#### Line 8.

a. Use your 2004 paycheck or pension check stubs received to date to estimate your total 2003 withholding. You may also include Montana state tax paid on your behalf by a pass-through entity.

b. Enter any 2003 overpayment carried to 2002 that was not refunded to you.

c. If you qualify for the Elderly Homeowner/Renter Credit (Form 2EC), enter the anticipated amount of credit. If this credit was claimed in 2003, you may want to use the same figures if no major changes in 2004 income are expected.

**Line 9.** Subtract 2004 withholding and credits on line 8 from your estimated 2004 tax liability on line 7. If less than \$500, you are not required to make estimated tax payments. If \$500 or more, subtract line 8 from line 7 to determine the total amount you must pay. Enter this amount on line 9 and complete the remainder of the worksheet.

**Lines 10, 11 and 12.** Calculate your payments for each installment. If your tax situation changes, each succeeding installment must be proportionally changed so that the balance of the estimated payment requirement is paid in equal installments over the remaining period.

If the installment due date falls on a holiday, payment is due on the next working day.

#### Mail to:

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PO Box 6308  
Helena, MT 59604-6308